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Innovation and Entrepreneurship Task Force
June 03, 2010

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The Innovation and Entrepreneurship Task Force met at 10 a.m. on Thursday, June 3, 2010, in Room 1510 of the State Capitol, Lincoln, Nebraska. Senators present: Danielle Conrad, Chairperson; Galen Hadley; Heath Mello; Rich Pahls; and Ken Schilz. Senators absent: Deb Fischer. Also present: Norman Wallman. []

SENATOR CONRAD: Good morning, everybody. My name is Danielle Conrad. I represent north Lincoln, the "Fightin' 46th" Legislative District here in your Nebraska Unicameral Legislature. And I want to start the morning by welcoming you to the first meeting of the Innovation and Entrepreneurship Task Force. I think we'll go ahead and begin with self-introduction of committee members which were appointed by the Executive Committee of the Nebraska Legislature. And just to note for the record, we do have a visiting guest with us today who is interested in the work of the committee and I want to make sure that all members of the Legislature, their staff, or members of the public who have an interest in the work of this committee feel welcome to participate at any time. So we'll just go ahead and start to my right here with Senator Schilz. []

SENATOR SCHILZ: I'm Ken Schilz. I represent the 47th District from Ogallala. []

SENATOR HADLEY: Galen Hadley. I represent the 37th District from Kearney, the city, and Kearney County. []

SENATOR CONRAD: And Senator Hadley is serving as Vice Chair of this committee. Again, my name is Danielle Conrad, north Lincoln, Legislative District 46. []

SENATOR PAHLS: Rich Pahls. I represent District 31 which actually is the Millard of Omaha. []

SENATOR CONRAD: Senator Mello has already checked in for the morning and will be

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back and forth throughout the day, as he has another task force scheduled this morning, but is a member of the committee and represents south Omaha and Bellevue, I believe, in District 5. Senator Wallman. []

SENATOR WALLMAN: Norm Wallman, District 30, which is south of here to the Kansas border. I represent BSDC, Beatrice, and Mosaic, and up into Lincoln. And I'm glad...thank you for having me here. []

NANCY BOWEN: And I'm Nancy Bowen. []

SENATOR CONRAD: And I think since we do have a manageable crowd in the audience today, it may not be able to be picked up for the transcribers, but why don't we just go ahead and have folks introduce themselves from the audience to let the committee know who's here and who's participating. And if you just want to state your name and/or your organization if applicable, or who you're representing, that was we can just kind of all get to know each other as we prepare for our work together. Dan. []

DAN HOFFMAN: Dan Hoffman with Invest Nebraska Corporation. []

ROD ARMSTRONG: Rod Armstrong with the AIM Institute. []

JEFF SLOBOTSKI: Jeff Slobotski, AIM Institute, and cofounder of Silicon Prairie News. []

JULIA HOLMQUIST: Julia Holmquist, page emeritus, and staffer to Senator Danielle Conrad. (Laughter) []

SHEILA PAGE: Sheila Page, staffer to Senator Coash. []

KATHY THORNTON: Kathy Thornton, Nebraska Center for Entrepreneurship. []

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BILL MUELLER: Bill Mueller of Ruth, Miller, Robak. []

PETE KOTSIOPULOS: Pete Kotsiopoulos, vice president at the University of Nebraska. I spend about 80 percent of my time in (inaudible) arena. []

JEFF MEESE: Jeff Meese, Invest Nebraska. []

ROCHELLE MALLET: Rochelle Mallett, Senator Deb Fischer's office. []

RICH LOMBARDI: Rich Lombardi, American Communications Group. []

SHIRLEY HIGGINS: Shirley Higgins, Nebraska Public Power District. []

_____: (Inaudible.) []

SENATOR CONRAD: Great. In the far right corner. []

RON WITHEM: Pardon me? (Laughter) []

SENATOR CONRAD: He needs no introduction: Ron Withem from the University of Nebraska-Lincoln. All right. Thanks everybody. Just a friendly reminder to please turn off your cell phones or put them on vibrate or mute. When you address the committee, please speak clearly and spell your name for the record. Number one, I just want to start off with a review of the agenda that we had mailed out via electronic means to committee members late last week. It's my understanding we have not received any input or feedback as to agenda items that need to be added or amended or otherwise, but at this time I would definitely entertain discussion from any member of the committee about proceeding forward with the agenda as proposed. Seeing none. And just to be clear, I think while it is important that we respect the proud history of this body

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and the work of this task force, that my personal style is that rather than to be overly formal, that we have an open dialogue along the way in terms of charting the course of our work. I thought I would begin just by providing a little bit of objective and overview about the legislation that initiated the work of this task force and that was adopted by our Nebraska Legislature in the most recent session and approved by the Governor. That was LB1109, the Nebraska Innovation and High Wage Employment Act. It did establish this task force. The Executive Board appointed six senators to serve on this task force, and our purpose is to conduct hearings, oversee the evaluation, and ultimately issue a comprehensive statewide plan to the full Legislature by December 1, 2010, with specific public policy solutions that we could adopt to improve our entrepreneurial climate and economic development policy surrounding Nebraska's small business. I think that it may be helpful, as this is our first meeting as well, just to open it up to committee members for maybe some feedback or discussion about additional objectives, specific or general, that they have an interest in, in this committee, looking at either today or as we move forward. Anybody want to make opening comments there? []

SENATOR MELLO: I can give you a quick update. I just came from the Legislative Planning Committee, and the Department of Economic Development provided us kind of an initial glimpse of what they are working on for their competitive...it's a competitive assessment advantage proposal with the Battelle company. And once again, while it was only a 20-minute kind of preliminary draft version of what the department is looking at, a good chunk of what was discussed falls within this task force in relation to university technology transfers and start-ups, research and development, as well as the general concepts of economic gardening and building an entrepreneurial culture within the economic development programs in the state. So, if anything, I assume at some point in time it might be worthwhile to bring them in to give the same presentation to this task force because there was an awful lot that focused on what LB1109 talks about and things that I imagine we'll hear a little bit more from Invest Nebraska. []

SENATOR CONRAD: Great. Yes, Senator Hadley. []

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SENATOR HADLEY: I would like to stress that I hope we do spend some time talking about the term you used, Senator Mello: economic gardening. Because we seem to spend a great deal of time trying to bring other companies from other states and such as that to Nebraska, but I think growing our own and the entrepreneurs that are out there and helping them succeed and giving them the tools to continue to grow I think is very important as we go through this task. So I hope that we again don't lose sight of the resources that we have in Nebraska to help the current businesses and the future businesses that are owned and run by current Nebraskans. So I hope that we make sure we hone in on that as we go on. []

SENATOR CONRAD: Absolutely. Senator Pahls? Senator Schilz? Well, great. Thank you for that input Senator Mello and Senator Hadley. And I'll tell you...I think that we had a chance to visit about this during the committee hearing and then during the legislative floor debate as well, but really the impetus for why I became interested in these issues is really twofold. I think that overall we're very concerned that we want to ensure our economic development policies in Nebraska are as evolved and as competitive as possible so that we can have a bright and productive future before our state. And we hear a lot about some of the economic development policies that are targeted to larger businesses and industries. And to be clear, we in no way wanted to diminish or detract from those public policies and those efforts which I believe we all support wholeheartedly, but we also wanted to take a moment to really look at a comprehensive evaluation of the public policies that we have in place that are currently targeted to small business, entrepreneurs, innovators, and rural Nebraska, to identify what's working in those programs, where there may be room for improvement or enhancement along the way, and then also really to take a lesson and experience from some of our sister states about different strategies that they have implemented and tried along the way, including economic gardening and angel investors and a variety of other innovative tools that are out there to see if those would be a good fit for Nebraska's public policy structure as we move forward. So with that, I think that's probably enough introduction. And I know

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we're eager to hear from our first presenter, so we'll go ahead and turn it over to Dan Hoffman. []

DAN HOFFMAN: Thank you, Senator. For the record, my name is Dan Hoffman. I'm the president of Invest Nebraska Corporation. Thank you for giving us the opportunity to present today and kind of give you a lay of the land of some of the things that we're doing. So my presentation will talk about the history of Invest Nebraska, what we've been doing in the last year and a half; some big 30,000-foot view of what's going on around the country with regards, especially from the Kauffman Foundation in Kansas City; some metrics. And then, fortunately, we have Rod Armstrong and Jeff Slobotski here to come after me, and both of them are with the AIM Institute that deal with IT, but around the entire state which I think is important to know what else is going on; and then also Jeff and some fabulous things he's doing with a group called Silicon Prairie News out of Omaha, but really covers this entire region. And so I'll encourage you to, you know, ask them a lot of questions as well. A little bit about Invest Nebraska. We are a venture development organization. We've been around since 2002. Originally, Invest Nebraska was formed when the Nebraska Venture Capital Forum Act was passed in 2002 at the request of, at that time, Governor Johanns. And Senator Landis introduced that bill. And it gave a little bit of money to Invest Nebraska for about three years, and then the whole entire act sunset. And in 2007, Senator Pankonin introduced the Nebraska Operational Assistance Act which provided \$500,000 over the biennium to a nonprofit organization to deal with potential high-growth businesses around the state of Nebraska. At the time, Invest Nebraska went ahead, and DED had put an RFP out for that process. Invest Nebraska bid on that process. They received that contract. And as a result of that contract, kind of started the formulation of Invest Nebraska where we are today and what DED asked us to do. So we'll talk here about some of the...how we advise and invest in companies around the state. And then we also support and encourage angel investment and entrepreneurship in all areas of Nebraska. And one of the things I included with our PowerPoint is a glossary of terms because as we go through this entire process, you know, there's a lot of different terms that you need to

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probably make yourself familiar with, not only for today but going forward. I have a board of 12 directors, just to give you a little background on some of them. Matt McNair, he is the chair of my board. He's with...he's vice president of the University of Nebraska Foundation here in Lincoln. David Conrad is the executive director of NUtech Ventures, and that's the tech transfer arm of the University of Nebraska-Lincoln. John Decker who is with a financial group here in Lincoln called Smith Hayes. John is the past executive director, part-time executive director of the Nebraska Angels, which is really the only angel group out there providing right now support to entrepreneurs. Michael Dixon is the CEO and president of UneMed. Now UneMed is the tech transfer arm of the University of Nebraska Medical Center, so working with the research going on there and getting it out, either license it or getting new start-up businesses. John Gustafsson who is with Ideation Adventures which is a group in Omaha that helps out businesses, existing businesses, and new start-up businesses to raise capital. Ben Harris who is with Nebraska Heavy Industries here in town. Ben is from Lincoln, went to law school here. Went down to Chile after law school; started a venture capital fund down there. Moved to New York for a while and married a woman from Sweden, and a few years ago they ended up moving back to Nebraska to raise their family. And so Ben is very interested in moving Nebraska forward with regards to entrepreneurship. Pat Kenner with Thayer County Bank; Kent Knudsen with Mutual of Omaha; David Milligan who is a patent attorney with Advent IP out of Omaha; Ken Moreano who's the executive director of the Scott Technology Center at Omaha and affiliated on the campus by the Peter Kiewit Institute; Ron Sedlacek with the Nebraska Chamber; and then Dennis Wiederholt who's the chief financial officer of DLR Group in Omaha. Right now, I'm the only employee for Invest Nebraska full-time. A little background about myself. Prior to this job I started in November of 2008 after I think the contract with DED was signed in March of 2008 and I came on board in November. Had worked as a senior policy advisor for Governor Johanns and Governor Heineman, dealing with areas of economic development, labor, and taxation. Also as a former legislative aide for Senators Howard Lamb and Jim Jones. And my education background. And then I've also...Jeff introduced himself earlier. Jeff we brought on as a legal intern. He's a third-year law student at the law

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school. Graduated from Wesleyan University. He was an entrepreneur before he started law school, and will graduate in December of this year. So Invest Nebraska, we have four different types of programs and they all kind of relate back to our contract we signed with the Department of Economic Development in 2008. The first is our venture competitions, our operational assistance, our angel network, and then our creative capital pitch competitions that we've partnered with Silicon Prairie News on, and it was actually their idea and we'll talk about that in a minute. But our venture competitions were the result of Ben Harris, who is on my board. His grandfather was from McCook, Nebraska--then Hormel; passed away, and the family wanted to do something for that area. And one of the things Ben came up with is doing a business plan competition. And so the Hormel Family Foundation, since 2007, has held business plan competitions in the city of McCook. And when we signed our contract with DED, they liked that idea of making sure that this money is disbursed, not only, you know, we have a large population in Omaha or Lincoln, but, you know, what can we do for the entire state with regards to entrepreneurship. And as a result of that, we came up with these venture competitions. The operational assistance kind of goes back to the Operational Assistance Act of looking at high-growth potential businesses--if they're out there, is there some way that we can help them. The regional angel network, again right now in Nebraska we only have the Nebraska Angels. They're a group of about 35 individuals that meet monthly and they, you know, decide on their own whether or not to invest in new start-up companies. So we are in the process of trying to build more of those regionally across the state of Nebraska, and then these capital pitch competitions. So our venture competitions. Last year, in 2009, we held five regional competitions and one statewide competition. We took some of the money from the state, but then we also went out into the local community and raised money. And what we ended up doing is opening up to, say, for western Nebraska, for the Panhandle area we said, you know, anybody who has a great business idea, put it in a business plan; submit it; and then finalists are chosen for the day of the competition. And we partner with area business leaders where the finalists come in and they do their pitch of their business plan. So we look at not only the business plan itself but how they, you know, come across to us--are

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they capable of carrying this plan forward?--and we go ahead. The winner walks away with somewhere between a \$20,000 and a \$30,000 prize. And it's an equity investment in that company that we make. It's not a grant. And the reason why is because, as you would imagine, a lot of these start-up companies have no idea where to go once they have this business idea. So by us taking an equity ownership in that company, we help them along the way, whether it's become an LLC, whether it's creating an operating agreement. Whatever it might be, we help them slowly grow. And unfortunately we don't have a long history, but in the last year the five winners we had, the Victory Hill Farm out of Scottsbluff is actually a goat...let me back up. It's a homestead goat dairy. So they raise the goats but they also make the goat cheese. There's only 50 of them in the United States. But, you know, if you think about where we are going for our state of Nebraska, you know, there's all kinds of ideas out there. And so for that day of the competition I think there were seven finalists, and Victory Hill Farm was the winner. Northeast Nebraska, on May 1, the winner was Heady Bed, which is a company out of Wayne, Nebraska, and it was started by a mother and daughter. And you find, with entrepreneurs, they see that there's some problem and they want to fix it. In this case, the mother had...they built a new house and she couldn't find the right type of headboard. So her and her daughter decided to start a company, and it's a customized upholstered headboard that you can buy on the Internet. And so their Web site, and you just go to their Web site and it pulls up everything from 200 different types of fabric that they've loaded, to, you know, the type of headboard that you might want, and then it's manufactured in Wayne, Nebraska, and shipped out. The winner of our Hormel Family Foundation--so we partnered with the Hormel Family Foundation last year--was three young people who started a company called The Kloset. Through a recession people start looking at how they can conserve and reuse things, and they came up with this idea of a new and gently used clothing company, which they go out to the big shows in Las Vegas, buy up bulk clothing, bring it back. The other two winners were Monson Family Foods which owns a restaurant down in Nebraska City; has come up with some different type of recipes that they have that they'd like to market. And then York was The Sand Trap, which is an entertainment center for golf enthusiasts in York. Then finally, in

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December we held our East 2 West competition which was our big statewide competition where anybody can apply and participate in this statewide. These other competitions were all done regionally, so if you apply for the York competition you had to be willing to locate your business in the city of York. If it was western Nebraska, you had to be willing to go to western Nebraska. Unfortunately, with our limited amount of dollars, you know, we couldn't cover the entire state. So we held the statewide competition. We put some of our money in and then we went out and raised half of it privately through businesses and other groups in Nebraska. The winner of that was a company called RockDex. So I want to kind of just give you an idea. So this was the Heady Bed winner back in northeast competition. You can see that headboard back there. The daughter actually lives in Chicago so she has a lot of contacts to the Chicago artistic area; you know, a different type of interior designers. So it's a little bit different but again those jobs, though, would all be back in Wayne, Nebraska. And so she's just...I think about two months ago she finally started her business; her Web site went live. So this is one example. The winner of our \$50,000 East 2 West competition was a young gentleman named Jimmy Winter from the city of Omaha. Jimmy didn't go to college. He went to New York City; he got involved in the music industry. Came up to Omaha; was named by Newsweek magazine about two years ago as one of their top 25 entrepreneurs under the age of 25. But he came up with this company called RockDex which goes out to all the different type of social media--MySpace, YouTube, Twitter, all of those--and looks at what people are saying about different types of music artists, and then aggregates all that information and can sell it then to either the music artists themselves or record label companies. One of the big markets is not just, you know, the big names that we all know about music artists, but for record companies, they're trying to find that next best act. You know, who's out there that people are really talking about locally that they could maybe sign. And so RockDex is out there. They received a Pepsi Challenge grant during the South by Southwest festival down in Austin, Texas, in March, so there's a lot of buzz about RockDex and what they're doing. They have one main competitor in Boulder, Colorado, right now. []

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SENATOR CONRAD: And Dan, if I could just interrupt for a minute, I think this is a really good overview of a lot of the activities that Invest Nebraska has worked on in partnership with private industry and other organizations. And we were just kind of talking amongst ourselves that in addition to the good work specifically generated by these activities, there's been considerable positive local media attention and regional media attention on these activities which I'm sure have some sort of additional effect of inspiring people to think about these issues and identifying resources available to the potential entrepreneur or small business in any community across our state. Have you see any of those kinds of ancillary effects, anecdotally or otherwise, or? []

DAN HOFFMAN: I mean, through out competitions we start to find individuals that are looking forward to the next year for the competitions, but they also...you know, it's really hard for entrepreneurs because they don't know necessarily where to go. That becomes a big issue. []

SENATOR PAHLS: I have a question. Okay, let's say, would you be presenting your project to this group? Is that how I get the information? For example, when they have this competition, the competition is you present your plan to a group. []

DAN HOFFMAN: Right. So there's usually five judges. Usually one from Invest Nebraska and the then four locally. []

SENATOR PAHLS: Okay. Now do you...is this televised or anything? []

DAN HOFFMAN: No. You know, usually we hold them at the community colleges. []

SENATOR PAHLS: Well, the only reason I'm saying, is I watch a program similar to what you're doing on Sunday morning where somebody tries to convince the people with the money what to do. []

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DAN HOFFMAN: Is it Shark Tank? []

SENATOR PAHLS: Yeah. And I think that would...what you're doing, if you could take these clips, because if... []

SENATOR HADLEY: Make a heck of a reality show, wouldn't it? []

SENATOR PAHLS: Yeah, right. []

DAN HOFFMAN: (Laugh) []

SENATOR PAHLS: Yeah, right. Yeah, true. But what I mean is then another person would see that show and say, oh, god, I could do that. I mean I was just curious. []

DAN HOFFMAN: No, and you know, that's a good point. It's...you know, we knew that when we got into this, especially for our competitions we didn't want to only focus on Omaha or Lincoln, and that's why we did them all away from Omaha or Lincoln. And one of the things we wanted to do was you start to see, by having competitions, that people start to notice products or ideas and then they think that they have the next idea. And so you get a better understanding of what's going on out there through those competitions. And, you know...and Senator, you're right, I mean you can start to see this in the newspapers and people are wanting to follow up on those stories, and, you know, it creates a little bit of a buzz in that community. But really the intent is not only to focus on that one company but...so we get the one winner, but what are the other finalists...I mean do they need some help or what do they need to keep going? And it goes back to what Senator Hadley commented about economic gardening. I mean, you know, the chambers, you know, the chambers...it's hard for entrepreneurs to go to the chambers because there isn't much for them to receive at the chambers and they don't have time to go to the meetings. They aren't that...they aren't the business-type people yet. But how do you get those ideas out there? And the competitions do seem to get people, you

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know, \$20,000, even the \$50,000 has caused others now who have told us, yeah, that was a lot of money and that caused me to go ahead and finally put my business plan together and start my company. So it does start to get individuals thinking in those terms, if that helps. []

SENATOR CONRAD: No, that's very helpful. And you've only just begun at organizing those activities just a few years in terms of... []

DAN HOFFMAN: Right. To give you...and we talked about the Hormel Family Foundation. They started in 2007 and the winner at that time, you know, as we all wait till the last minute, these two young guys out of McCook just decided, hey, let's throw out idea in there and do a business plan, so they did it the night before it was due. But they won. But their idea is...you know, it was...and it kind of goes back to innovation, and we'll talk here in a little bit about innovation for technology. But innovation is just looking at things in a little bit different way. And these guys came up with a...it's a retail store but it's called Game On and they sell computer games and video games and board games and all...you know, everything that 20...well, teens and 20-year-olds and 30-year-olds want. But they keep their store open on Friday and Saturday nights till midnight, and allow people to come in and play all those games. They've done a Web site where they have the new release of video games which is now a \$40 billion industry and continuing to grow. But they've also got in a niche where they host regional competitions for some of those games in McCook, Nebraska. So this year they're projected to make, I think, about \$400,000 in sales. They're looking at expanding and they want to go to Kearney next and start a retail store in Kearney. But we see there is an opportunity there, especially if they get into the franchising opportunity. Not that they ever need to come to Omaha or Lincoln, but there's a lot of other communities maybe under a population of 50,000 that would, you know, really be thankful to have that type of place where, you know, there are kids that instead of going to Walmart to buy those games, they're going to that locally owned store. []

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SENATOR CONRAD: Great. []

SENATOR MELLO: Dan, two questions. One, what's the size of...what's like the limitation of a business this size in regards to do they have to be smaller than a certain number of employees? Do they have to not be a redshirt LLC? Can it be an existing business that might have been around for two or three years that might just not have taken off the way it would like to? []

DAN HOFFMAN: For the competitions? []

SENATOR MELLO: Yes. []

DAN HOFFMAN: We open it up to anyone, and so they can...you know, a few of them have been, hey, we've got this idea on the paper. In fact, this next...well, yeah, they are just an idea and we help them get started. Sometimes they are in existing business. We haven't found any of those mature businesses but we always say, hey, if they have that idea that they need to have some help with to break out in a new--you know, maybe it's a manufacturing company with new technology--we're more than willing to look at those. []

SENATOR MELLO: Okay. And you just touched on my second question, which is what...just...and it might be anecdotal, your response, which is fine. What have you seen in regards to the difference between the ideas that are more service-based compared to new-product based or new manufacturing-based ideas at your competitions? []

DAN HOFFMAN: Obviously there's been a mix. You know, what I've seen is especially in more of the rural areas you get the service ideas, or like this company, The Kloset, who came up with gently and used clothing. For the Hormel competition for next week, Friday, I mean we've gotten, of those that we've had submitted to us, there's one that is

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exactly almost that same thing, but for toddler and infant. And you'd start to say it kind of goes back to what your comment was earlier. I mean, when people start seeing those ideas, then they take it and say, well, maybe I'll change it a little bit and do something a little bit different. So we're...I think as time goes on, those ideas start to get better, but partly people need to know about them, and people, we need to talk about them. And that's where, you know, the competitions have helped and the press and the news have definitely helped getting those ideas out there because then people look at them and go, well, jeez, they have this idea; I can go ahead and, you know, my idea isn't maybe that ridiculous anymore. Which this is our schedule for this year for our Venture Competitions in these five. We had our Western competition back in April, our Hormel Family is next week, and then our York, Northeast, Southeast, and East 2 West. Well, last week for our Western competition, you know, as ridiculous as it sounds, this is a father and two sons that came up with this idea called Welsch's Bale in a Bag. Well, you know, you again talk about innovation. If you think about if you need to go get a bale of hay, we all know what a bale of hay looks like, but, you know, they came up with this idea of why not take the actual different types of hay products, whether they're organic or not, and bale it in a bag? Because the horse industry around the United States is huge and a lot of times these are individuals that don't have farms. They have 4, 5, or 6 acres for their horse and maybe they go to the Tractor Supply Store. Instead of dirtying up their BMW, they just buy one of these plastic filled bags and just throw it in, and it's the same weight as a regular bale. But, you know, to me it's that kind of idea again that something so simple. So this was the winner, and, you know, they were a company that here's my business plan and they didn't know anything else. And so Jeff and I have been working with them. We've got them set up as a LLC. But they're looking for outside investors but they don't need cash. They would rather take their outside investors and make them area farmers who can donate product but then take part ownership equity into the company. []

SENATOR MELLO: Would it be safe to say, at least from the competitions you mentioned, that most of the winners so far have been more product creation businesses

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instead of service-related businesses? []

DAN HOFFMAN: Yeah, I'd say so. Yeah, that's right. []

SENATOR MELLO: Okay. []

SENATOR SCHILZ: I guess...excuse me. I don't know if you were going to say anything else. []

DAN HOFFMAN: No, no. Go ahead. Sorry. []

SENATOR SCHILZ: Dan, thank you. You know, as I look at this and I see this, you've...as you give these prizes out for the ones that win, like you said, there's all these others that are underneath that may not...you know, may not have won that competition but still may have some viability as a company that worked. []

DAN HOFFMAN: Um-hum. []

SENATOR SCHILZ: Do you have programs in place to work with them and bring them along or are you trying to find ways to help nurture that, basically, and grow those ideas into something that's ready to go? []

DAN HOFFMAN: Well, we try to do...after the competition, we go ahead and exchange the judges and finalists, their e-mail addresses, and then we kind of let...wait to see if do those entrepreneurs follow up with the judges to find out why didn't they win the competition, because that's a good indicator whether or not they're really serious about their idea and moving it forward. What we try to do, too, though, is, you know, there are other programs out there. There's the REAP program, the Rural Enterprise Assistance Project. There's the microenterprise program. So there's other programs out there for help with funding. Now, you know, we try to always say, you know, we're here for you if

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you need more help, and there's been only a couple that have come back and said, hey, yeah, we need some help; what can you do for us? And so we try to either put them in line or, you know, slowly help them grow. But again it's only been a year so we don't have a lot of history to go off of. []

SENATOR SCHILZ: Right. []

DAN HOFFMAN: But I would say that there are not...it kind of gets back to your earlier...there are not a lot of programs out there for somebody who is starting their business. []

SENATOR SCHILZ: Right. And then the other side of that is that, you know, you see a lot of...a lot of times, people have the great idea for a business but it doesn't fit right where they are. And what is there in place to help those kind of folks, those kind of businesses find their niche in the community where they need to be? Is there anything out there doing that? []

DAN HOFFMAN: Not that I'm aware of right now. []

SENATOR SCHILZ: Okay. Thank you. []

SENATOR HADLEY: Dan, a quick question, and maybe you'll get to it later. You talked about you basically take an equity interest, then, and is the goal eventually to divest yourself of that equity interest through buy-out by the owners? Is that...? []

DAN HOFFMAN: Well, what we found is...and, you know, that's part of our education process. Because as you would imagine with some of these entrepreneurs, right away they have this business idea--and it's worth a million dollars. And, you know, we have to bring them back down to earth and say, gosh, well, you know, you have these other competitors or somebody else, you know, in another state; and here's really what we

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see their business valued at. And so that's part of the education process is really valuing what their company is worth. And, of course, we...you know, it's a very entrepreneurship-friendly negotiation, so we usually never take more than a 20 percent ownership in the company. Eventually, yeah, it would be nice to go ahead and be bought out. You know, we also recognize, you know, we don't have a lot of history but some of them are just going to fail, too. But... []

SENATOR HADLEY: Sure. []

DAN HOFFMAN: You know, it would be nice to be bought out or have them bought out. I guess again it kind of gets back to just capitalism, is our interests now are associated with their interests, and so we will do everything we can to help them succeed, whether it's apply for grants, whether it's, you know, open doors; whether, you know, DED has contacts. Because if they're successful, you know, then we know that we're successful as well. []

SENATOR HADLEY: But your goal is not to have a long-term...if you had a successful company, your goal would not to have a long-term financial investment in the company. []

DAN HOFFMAN: No, you know. And a few of the entrepreneurs, because a lot of people get a little concerned when somebody is coming in there, concerned somebody is telling them what to do. And so what we do is we do negotiate, like, in three years from the date that we signed our operating agreement, we will sit down and renegotiate a value of the company. And at that time, if you want to go ahead and buy us out, then we'll have those negotiations. And so we incorporate that into our documents to give them that opportunity. Okay. So our second program is the operational assistance which gets back to the more high-growth entrepreneurs. And, you know, there's a definition on that glossary that talk about high-growth businesses. They're more technology related. So we came up, my board and myself came up with these criteria.

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The \$25,000 is a very low interest loan to the company. It's usually a four-year loan. The first year they don't owe us anything. The second year it's interest-only payments. The third year and fourth, it's principal and interest. And the reason why is because the first year and second year the last thing entrepreneurs need to do is worry about more expenses, and so, you know, it's not on the individual; it's on the company. But one of the things we're trying to do is grow this pot of money so that there's in the future more money for operational assistance programs going forward, and it's just not, you know, again, it's \$25,000--and good luck. But the criteria, they have to be headquartered in Nebraska... []

SENATOR CONRAD: I'm sorry, Dan. Where did the resources come for that initial pot of money? Is that through your private fund-raising? []

DAN HOFFMAN: Well, no. That is through the state. So we get... []

SENATOR CONRAD: Through the state. Okay. []

DAN HOFFMAN: And I should back up a little bit. So our Nebraska Operational Assistance Act, we received half a million dollars over those...over two years. []

SENATOR CONRAD: Okay. Okay. []

DAN HOFFMAN: Okay. So, you know, the competitions, we try to find matching funds, and then we (inaudible) the amount of that money for just this operational assistance program. The OA has to make a meaningful difference. So in other words, if a company comes forward and it says, hey, we need some operational assistance because we can't privately raise any more money and we need more money for our overhead expenses, that's not a justification on operational assistance. And so we find that they have to make some meaningful use of that money. But most importantly, they have to have the potential to be backed by either an angel investor or a venture capital. So

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under that criteria, it says, well, they have to have some type of disruptive, breakthrough idea--something that really is a game changer for that industry. They have to have a large enough market opportunity to achieve sales of \$20 million. They have to have leadership in place. But our main concern, again, is we're looking for companies that export their goods and services out of their local area, but, more importantly, out of the state. Because, you know, ultimately we want to bring in new dollars into Nebraska. We aren't looking for a company that just circulates dollars in the local community. We want new dollars coming in. So, so far we've made three operational assistance grants. We've had about 30 applications, so we've turned a lot of people away. This was our first one, and, yes, that's Stephen Baldwin, one of the actors. Which, when they told us they were going to use him, we didn't know if that was a good thing or a bad thing. (Laughter) But this company is out of the Scott Technology Center, and these two young guys worked for Ameritrade and in their artificial intelligence division. And what they saw was when orders came in for stocks, you could kind of tell, you know, individuals that were right on, on buying stocks, that those stocks appreciated in value. And so they started this company called CrowdPicks where it takes the aggregate of people's predictions and really comes within about an 80 percent factor of predicting future events, because they're able to go ahead through reversed algorithms and really find those individuals that always hit predicted events right on, all the time. Now, right now, the company is involved in different types of sports endeavors. So the thought is, on this, is, you know, would individuals be willing to pay for that, you know, really important type of information to have. So they used our operational assistance. They hired a young guy, a student out of the Peter Kiewit Institute, who reprogrammed their system with all of the social media like Facebook and MySpace. So eventually what they want to get into, their ultimate goal is more in the way of stocks; you know, really getting back into stocks and finding those individuals that are picking future events, you know, all the time. The second company...actually RockDex, who is our statewide competition, they received some operational assistance. But we just recently signed this company called CropMetrics, which is a rural company in North Bend, Nebraska. And, you know, when we talk about entrepreneurship and innovation, you know, oftentimes it

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comes back to Omaha or Lincoln or some of the bigger cities. And this was a company where it kind of, you can see where IT plays into agriculture. Well, CropMetrics, they are a precision-based ag company. And just I'll go through this kind of fast, but here's their product. So, you know, those of you that are farmers, I mean you know that right now most all tractors have GPS capabilities in there to determine the yields when they go ahead and harvest. So they, both of them...one has his master's degree in aeronautical engineering; the other one has his master's degree in agronomy from UNL. But they have worked for John Deere, Valley, different types of center-pivot companies here in Nebraska. But their thought is, you know, there's not a process from planting all the way to yield, and especially for irrigation, because irrigation is becoming so much more important as we take care of our water. So they came up with this virtual agronomist-based management program which is a computer program that, first off, they'll go out into a field...so they'll go out into the 160 acres a farmer has. They sign a contract with that farmer. They've contracted with this company called Midwest Independent Soil Samplers, and they'll go ahead and determine what the soil content is about three feet deep for that farm. But they also do a topography of that field to determine, you know, where there might be runoff. And you'll see that, the kind of the graph underneath on the left, that's kind of...for this field, that kind of shows what type of different type of soils that exist. Some are going to be really good soils; some are going to be really bad soils. Next, they...you know, there are 200,000 center pivots in the United States. Fifty thousand of those are in Nebraska. So what their next step is, you'll see in that circle, is somewhere along there they put a...determine where a moisture probe goes. So they map out this field, a moisture-probe site, and they install this moisture probe and it goes about three feet down in the ground, which on that moisture probe then it has wireless back to not only their virtual agronomist program, but also to the center pivot itself. So then the center pivot, they put on this...oh, well, wireless contraption that helps determine how fast that pivot should go through the field, and it gets back to, if you think about it, there's some soils that you should water a little bit longer and some soils you should water a little bit slower. And UNL has come up with some of that initial research that says, yeah, if you overwater your crops, that tends to

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go ahead and decrease your yields, so. And some of the pivot manufacturing companies now are starting to go not only to this but all of the little sprinkler heads being able to vary those independently, as well, rather than the whole entire system. So what they've come up with, with their computer program, is a system whereby, based on the soil moisture probe and if it rains or if the soils needs some water, they can determine, that center pivot, how fast it should go through the field and how much water should be placed on that field based on not only the type of soil but the topography of the soil as well, and so they determine a VRI prescription. And what they're able to do is take that prescription, send it to the farmer on his cell phone, and the farmer can go ahead and say, yep, that's the prescription that needs to be put, and then it goes back. And, you know, the farmer never has to go back in the field because the center pivot will slowly go through and take that information through wireless, and water the field. Now they have 30,000 acres under contract right now, which they've just started, so this is the first year, really, of their operation. So we provided them operational assistance to go ahead and build out their Web portal that they need to carry this project forward. One of the big things about their idea is that the USDA provides up to half the cost to a farmer to go ahead and do this program for free. So that's just kind of an idea of where technology comes into play or came come into play in the future for agriculture. But again, it's a small company in a rural area. Our third program is our Angel Network which we received a grant from the Nebraska Investment Finance Authority last year to build out angel networks around the state of Nebraska. And so we, our first...what we're doing is going into different communities, bringing in any individuals to talk about angel investing and where it fits within economic gardening and new start-up companies. We used some of that money to go ahead and actually make the documents that are needed for our funds so that when we come in and talk to a local group, there's not a lot of head start-up costs that they need to get their funds going. So we plan to have five of those briefing sessions this year and five next year. Our first one is in McCook, next week, Friday; we've had some discussions with some individuals from the tri-city area about coming in there; and then some individuals in Omaha that have expressed interest. And so that's kind of an ongoing program, but when you talk about start-ups,

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angel investing is really important because those angel investors not only give equity capital to that start-up business, but also they sometimes provide the mentorship that is needed to some of those start-up companies. And then lastly, we have Jeff Slobotski and Dusty Davidson, back in December of '08, approached us and said, you know, they're trying to build out this culture for entrepreneurship. You know, they came up with this idea of let's do these capital pitch competitions where...we partnered with them. And in Omaha, it was the Nomad Lounge in the Old Market where individuals, all they have to have...it kind of gets back to, where do you get these ideas, coming forward. And so anybody who had an idea can just put, in a one-minute video to YouTube, to say here's my idea, you know. And Silicon Prairie News then took the top best eight. And then the night of this competition, it was on a Thursday night, held it at the Nomad Lounge which is a popular bar in downtown Omaha. These individuals came in and did their one-minute pitch, talked about their idea for five minutes more, and then everybody in the crowd at the end of the night voted, and the winner walked away with \$1,000. And what we found is that \$1,000 does seem like a lot of money, but how else do we get those ideas out there, and I think between the two we held in Omaha last year and the one in Omaha, I think we had about, oh, I want to say maybe about 30 or so applications or submissions. Two of the companies did receive some outside capital. One was...ended up bought by the Omaha World-Herald, called WikiCity. And so, you know, we start to see some of those metrics going forward. But again it's the, how do you get those ideas out there? So that's kind of a just brief overview of Invest Nebraska and what we've been doing since January 1, 2009. What I wanted to do is just kind of move into a 30,000-foot view of innovation and entrepreneurship. As I mentioned, you have the glossary of terms. There's an index that we'll talk about at the very end. And then, you know, I know, Senator, you wanted to talk about next steps towards the end of the hearing as well. []

SENATOR CONRAD: And, Dan, maybe you'll cover this as we move into the glossary, but I want to go back just real quickly to a concept...two concepts that you mentioned just in those recent discussion: one, about the importance of mentorship, business

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mentorship where sometimes folks aren't always looking for capital or financial resources, but how those kinds of relationships can really help a business either get off the ground or take it to the next level. And I think that really goes back to cultivating those homegrown folks here, and if there are specific strategies available to, you know, introduce those kinds of potential mentors with folks in need of those kinds of services; and then second, really that idea...and I know Silicon Prairie and other folks have done a great job of this--Turbine Flats, locally--of developing that climate for young professionals and entrepreneurs, and how important that is to this work as a whole, too. So those are just two things that I was hoping that we could maybe talk about a little bit more as we wrap up here, but. []

DAN HOFFMAN: Okay. And you're exactly right. I mean, the mentoring, I think, is very, very important. In fact, there's a couple individuals on my board who will say that our problem isn't equity capital in Nebraska; it's human capital. And that we have...we do not have the right type of people to lead some of these companies forward. Now our companies are really...you know, they're the basic start-up companies. But when you start looking at some of the high-tech research done at the university systems, I mean, you have to be a certain type of individual to know what that market is, but also grow that company. And, you know, to be quite honest, we just don't have that in Nebraska right now. And that's not to say they're not out there. You know, I think there's a fair number of individuals who have been associated with Nebraska at some point, whether they were raised here or went to the university or any of the universities, but that would maybe be willing to go ahead and mentor. Because what I'm starting to see is there's other competitions out there. There's the Cleantech Now competition which, you know, talks about environmental, but it's a six-state and they're looking for mentors, and the mentors they're looking for they'll never meet face-to-face, but they're looking for somebody to meet, you know, either Skype them or just do everything on the phone. But that's really...that's a very, very important component of all of this, you know: that human capital. So, yeah, I agree. I mean, I think that is an important piece as we move forward. The 30,000-foot view. One your glossary of terms, I kind of just threw out this

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graph or table that shows about, you know, when we start talking about different types of capital formation and what needs to be raised, the different types of stages that a business or a start-up goes through, whether it's the research and development stage, prototype, seed, start-up. And some of these companies will never go through a, say, a research and development prototype; some of them might. But you kind of see where, you know, governments and universities play a large portion, and in some cases are just as important as friends and family in providing start-up equity to company. And government does it--you know, we'll talk about this going forward with other states--but some do it through grants, some do it through loans, some do it through actual large amounts of equity. But it's important that, you know, these start-ups companies, as they get going, that they have some amount of funding to get them, you know, to that next level that they have. This was some information we pulled off the Internet: Nationwide Start-up Surveys. Nearly half or 45 percent were established in the same state that their founder, of U.S.-born tech founder, received their education. So there does seem to be some continuity back to a university or a college system. Seventy percent of voters around the United States believe that entrepreneurs are going to get up out of not only this recession, but are really the key to growing our nation's economy going forward. And what's, you know, fabulous, is that 4 in 10 U.S. young people between the ages of 8 and 21 really...they want to start their own business someday. Now I think what happens is as young people are sometimes naive, they really are excited about doing that, and I think through the process, whether it's through our education system or even our parents ourselves, we start to beat them down, because by the time they graduate they need to go out and get a job because they need to pay the bills, and so they start to lose some of this enthusiasm. The largest group of our population, the baby boomers, happens to be the most entrepreneurial. Over the past decade--and these came from the Kauffman Foundation in Kansas City--but in the past decade, the highest rate of entrepreneurial activity belongs to the Americans between 55 and 64. And surprisingly, the lowest rate of activity belonged to Americans between 20 and 34. And I think partly that goes back again to the idea that, you know, younger individuals, while they have some amount of enthusiasm, they also have to pay their bills and they have to go ahead

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and survive; where, individuals that are, you know, in their forties, I think the average age of somebody starting a high tech company in the United States is 39 years old. But, you know, it kind of gets back to, Senator, what you were talking about, the human capital. I think it's really important, too, to have that infrastructure of what are some of the jobs that are out there that are tech jobs right now, but, say, the CropMetrics, those two individuals, you know, they both worked for either John Deere or Lindsay Manufacturing. And in their work, they saw things a little bit differently, and at some point they were able to quit and start their own company by taking what they learned in those jobs. Several factors are driving this expectation of this entrepreneurship boom that's coming. A continued drop in the incidence of lifetime employment. Very few people are employed in the same job for their entire life. There's this experience, as I mentioned, that people take with them. People are living longer. And this current recession has tended to tell individuals, look, you have to maybe take care of yourself and go out and start your own company. Immigration. That obviously plays a role in this going forward. The immigrant of entrepreneurial activity is .46 percent, which is higher than the native-born U.S. population, which is .27 percent. Some of that goes back again to these immigrants who come here to the United States to get their education and end up staying and starting their own companies, are oftentimes in the higher tech...you know, they get majors in engineering, computer science. Thirty-one percent of engineering and technology companies founded had a key immigrant as a key founder. Foreign nationals residing in the U.S. were named as inventors or coinventors in 25 percent of the international patents that were filed in the United States. Young businesses initially are 3 percent more productive than mature businesses, which, you know, isn't too surprising. You know, when we talk about innovation...and Senator Mello, you mentioned about the Battelle study. You know, the department is concerned about innovation not only for start-up companies, but existing companies. And, you know, what you see is one of the reasons why we have start-up companies is because the mature companies, you know, they know what they know, and so these start-up companies come in and are a little bit more innovative, a little bit more productive, and start challenging the more mature businesses. In fact, 5,000 businesses started in 2004.

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A little more than 2 percent reported owning patents, so patents aren't...they're important but not that important to the first year of operation. As I mentioned, U.S.-born tech founders, the average age was 39 years old in the United States in, I think, 2007. And then based on the Kauffman Foundation, they put together a "New Economy Index" which is really broad representation of new economy categories. The top five states are Massachusetts, Washington, Maryland, Delaware, and New Jersey. []

SENATOR HADLEY: And why? Did they give any reason why these states are doing something differently than other states are, or is it...? []

DAN HOFFMAN: I'd have to go back and look. Just looking at it, though, I mean four of those states are on the northeastern part of the country. I think you find a lot of your pharmaceutical companies located there, a lot of your medical companies. A very...you know, they have very, very strong tech-related companies, and that ends up, I think, helping with not only spin-offs, but as we'll see here in a minute, some of the other categories, you'll see that, you know, it just would seem obvious then that they would take a lead in moving forward. []

SENATOR CONRAD: And, Dan, is that the result of...I'm sorry, Senator Mello, I'll get right to you. Just a quick follow-up to Senator Hadley's question. But is that a result of state or local policies targeted to developing and bringing those industries along? Or it's just kind of an organic... []

DAN HOFFMAN: You know, it's been organic, but I think it's been over a long period of time. You know, you talk about North Carolina. I mean, a lot of these companies decided years and years ago the direction they wanted to go and attracted those companies. They have public universities, they have private universities. All of that is important. []

SENATOR MELLO: I was just going to ask you, isn't it higher education and knowledge

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workers is a fairly large component of that study? []

DAN HOFFMAN: It is. And I don't know...you'd have to assume that in the northeastern part of the country that you probably have a lot more private institutions. And so, you know, I've seen some data. I mean MIT, they're one of the most productive in the way of spin-out companies, but they have to be because they don't...you know, they aren't publicly supported. []

SENATOR CONRAD: Right, right. []

DAN HOFFMAN: What I...Senator. []

SENATOR WALLMAN: I'd like to go back to this patent issue. Do you help people protect their patents? See, I've got a good...I've got a couple of young men in my area. They started a new patent called Clean Air Technology, and they had...they thought they should have maybe got more help on their patent issues because they ship around the world. []

DAN HOFFMAN: Yeah. No, you know, what we try to do, and we don't have money to go out and help them file a patent, but what we definitely do, there's a couple of my board members that are very altruistic in what they want to do, so they'd be more than willing to sit down with them and help them, you know, maybe answer some of the questions that they might have. Again, you know, fortunately I have the 12 board members that I do because they're not only looking at...some of them are associated with the university and some in the private sector, but all 12 of them are really focused on...you know, concerned about Nebraska and what they can do. So I get...me being the only employee and having Jeff part-time, I get a lot of help from them, probably more than a lot of nonprofit boards. You know, what I ended up doing from that Kauffman Index is I just looked at Nebraska and I pulled out some of our surrounding states, and then throw in Utah because I think Utah is similar to Nebraska in the sense

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that it's the same land mass and you have a lot of rural areas and a couple larger metropolitan areas. But you could just kind of see where this Kauffman Index...and there's a lot of indexes--I should back up. There were a couple that were noted in the paper this week. And I like this New Economy Index because it looks at some of these different categories. And you could just kind of see where, you know--it's not too surprising. Colorado ranks towards the top. It gets back to the IT professionals; managerial, professional, technical jobs. I mean, that's important for that culture because if you have those type of jobs and workers going into those jobs, they gain some amount of experience, and at some point maybe they see things a little bit different and they want to quit and start their own company. So that's important. Work force education is important. You know, I think there's 23 different categories and I made my cheat sheet to try to describe each one of these. But, you know, all of these...you know, Nebraska does fairly well, and some we just don't do as well. Gazelle jobs, which are jobs that are considered in high-growth industries, I mean we rank number one in the nation. But IPOs for...you know, we rank towards the end. Some of the things that we look at, you know, investor patents; you know, we are in the middle of the surrounding states, or of all states. I guess somewhat concerning is venture capital, and there's a couple other studies that are out there that shows in Nebraska we do a really bad job of attracting venture capital to Nebraska. But it's not that they don't know about us. If there are the great ideas and the great companies out there, they would find those companies. So I think it gets back again to the economic gardening, you know, whether it's in smaller communities or the university system, of growing those companies. And, you know, the venture capital will slowly find itself. So that's all. []

SENATOR WALLMAN: And when you compare ourselves with different states, what about the graduating rate for engineers? Are we above average? []

DAN HOFFMAN: We are, I think this index looks at the scientists and engineering degrees per 100,000. We rank, you know, lower than...I think 38th. I think that's a very, very important...that component. And, you know, it kind of goes back to the immigration

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issue, too. A couple years ago my daughters were taking a class. It was a foreign language class at the university's engineering. And if you walk around there, they have up who all their graduate students are--master's and Ph.D. and all the different engineering. Most all of those are either from Asia or they're from the Middle East. You don't get a lot of, I think, American students. I think they graduate and they get out and they are able to make \$80,000 or a very high salary--that, you know, there's not an incentive for them to go on and continue on their education as well. But education and science, very, very important--very important--as is mathematics, so. []

SENATOR HADLEY: I think it's absolutely great. So often, down here, we get beat up that all our surrounding states are doing something better than us all the time. And to see us ranked higher in the overall rank than our surrounding states, I think, you know, at least sends a message we're doing some things right. []

DAN HOFFMAN: Well, we are. You know, Iowa, Kansas, I mean they're doing a lot with regards to innovation and entrepreneurship. You know, it kind of gets back again, of as we go forward, you know, what are the best practices that we can--because they've already gone through it--what can we take from them and incorporate into Nebraska? []

SENATOR PAHLS: And Iowa and Kansas are in financial, you know, trouble. []

DAN HOFFMAN: Is that right? []

SENATOR PAHLS: So they...and I do like the comment because that's the reason why a year or so ago I had a resolution of all the great things that we are doing in the state because we take the sadness of our...you know, and I think the chamber reinforces that. They ought to be out there pushing us, you know....because I've learned some things today that I really appreciate that I can brag about. []

DAN HOFFMAN: Well, and I...it kind of goes back...you know, we as Nebraskans, we

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don't like to brag and we don't like to talk about our successes. And in some ways that's good, but in some ways that's bad, too, because there's a lot going on out there and we need to start tooting our horn and talking about those. []

SENATOR PAHLS: We have enough people tell us the bad stuff. []

SENATOR CONRAD: Great. Thank you, Dan. Thank you so much. []

SENATOR PAHLS: Yeah, appreciate it. It was good. []

SENATOR CONRAD: I was, in addition to the great information that you've provided today, and we look forward to the...the task force looks forward to working with you over the course of the next year. I was neglectful in failing to thank you for your work in helping to draft the legislation and shepherd it through the process--you and members of your board and a lot of folks who are in the room with us today. So it definitely by no means was just a one-person effort, but a huge team effort that got us excited and helped us get where we are today. And I think that you've provided us a really good baseline to move forward. And Senator Pahls is exactly right, and I don't know if we have any members on the committee who were at the Executive Board when we had the committee hearing on this, but I think most members of the Executive Board and most people in the room that day just left really excited, hearing about a lot of these great stories that are happening here in our backyard and figuring out a way how to generate more excitement and enthusiasm for this as we move forward, so. []

SENATOR PAHLS: One final question. I notice when you introduced yourself, you have expertise in the area of taxation? []

DAN HOFFMAN: Um-hum. []

SENATOR PAHLS: Sometime I would like to talk to you, because that's a

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very...(laughter)...very interested in that. []

SENATOR HADLEY: Oh, I didn't know that. (Laugh) []

DAN HOFFMAN: Providing a unique perspective. Yes. []

SENATOR CONRAD: Well, and all joking aside, we have talked about, you know, looking at the strategies in other states about what kind of tax incentives or tax programs or otherwise are effective or not affected in targeting this industry. So in addition to Senator Pahls's well-established interest in those issues, I think that this committee will hopefully address those things. []

SENATOR PAHLS: Yes. []

SENATOR SCHILZ: There is nothing better to help business than low taxes. []

SENATOR WALLMAN: Amen. (Laugh) []

SENATOR PAHLS: Well, thank you. []

DAN HOFFMAN: Would you mind if I brought a chair around to (inaudible)? []

SENATOR SCHILZ: Did somebody write that down for me? Did somebody get that on tape? []

SENATOR CONRAD: Welcome, Rod; Jeff. []

ROD ARMSTRONG: Thank you. Good morning, everyone. My name is Rod Armstrong. I'm the vice president of strategic partnerships with the AIM Institute, and with me today is Jeff Slobotski who is our director of innovation and new media. And we have a short

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presentation here and would encourage the dialogue that you've already started on, but been asked to talk a little bit more specifically about innovation and entrepreneurship as it relates to information technology. First of all, let me tell you a bit about the AIM Institute. We're a nonprofit information technology leadership organization formed in 1992, really on the heels of a lot of the economic downturn of the 1980s that some of us in the room remember. Some of us probably weren't around at that point in time, but. But there was a concern about, you know, after the difficulty in the ag economy. You saw Enron pull up stakes and move out of Omaha, just some concern about the economic future of the state. And there were several studies commissioned in the '80s, pretty much all of which pointed to information technology and telecommunications as being a driver of economic activity well into the future. And AIM was formed to help catalyze business and government and education around that whole issue, so that's kind of why we came to be. Our service area is Nebraska and kind of the contiguous regions of western Iowa and the Siouland area, headquartered in Omaha. We recently opened an office in Lincoln at the University of Nebraska Technology Park, which is also where Invest Nebraska is located, which I love. I've been community from Lincoln to Omaha for the last five years, so now I have a much shorter drive. We also have an office in Scottsbluff that manages an educational opportunities grant program for us there. Among our programs and services, we do several major events each year. Last April was our second year of running the Infotec conference in Omaha. That's a two-day technology conference targeted all the way from technology professionals to business leaders who are just trying to gain an understanding of what this stuff means. Each fall we do what we call an IT Futures Forum. It's a luncheon where we bring in a nationally known speaker around a technology topic. Last year--and I forget his name--was the...yeah, David Pogue, the technology columnist for the New York Times came in and spoke to us. We have several events for our member organizations which is a significant part of our foundation. And then we were also a cosponsor this year for the second time of the Big Omaha conference, and I'd like to have Jeff just take a minute to talk about that. The Silicon Prairie News was the primary organizer. Can you give them a quick overview? []

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JEFF SLOBOTSKI: Sure. Senators, I'm Jeff Slobotski with AIM Institute, Silicon Prairie News. So I guess taking a step back from Big Omaha, Silicon Prairie News is a Web site that I and my business partner, Dusty Davidson, started about two years ago now--it'll be two years in July--with the sole emphasis of really highlighting and promoting the entrepreneurs that are here in our own backyard. We're both native Nebraskans. And it wasn't a media play. We weren't trying to say, hey, the local news organization isn't covering these individuals, so we will. But essentially just wanted to put the story and a video behind the entrepreneurs that were out there in the state, in the space. So we had held a couple smaller events, a couple smaller gatherings where we had anywhere between 50 and 75 people come out. And it wasn't so much the numbers, but the quality and the makeup. So we had professors alongside investors, alongside entrepreneurs. And so we turned to the idea of doing something a little larger with Big Omaha. The name connotes, obviously, the city of Omaha, but it is a statewide, and now regional event, as well. This year two weeks ago we just held the second annual Big Omaha event that brought in over 500 people from 22 states throughout the U.S. into our state to, twofold, to say, you know, look at the entrepreneurship and the work and the development that's going on here in our state, and we brought in nationally known speakers from Fast Company magazine, guys or women that you might recognize more on a national slate, to give us that incentive and that motivation to push forward around entrepreneurship to say, hey, you don't have to be located on the coasts or Austin or Boulder or wherever it is, but you can do it here in Nebraska and in Omaha, so. []

RON ARMSTRONG: Thanks, Jeff. []

JEFF SLOBOTSKI: You bet. []

ROD ARMSTRONG: We also either directly or through partnerships engage in a number of training activities. Probably the most successful among these is our IT

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Leadership Academy that's targeted toward IT professionals working in the field, and it is designed to give them kind of a broader skill base around understanding business, human resources, and other things that will help them advance in their careers. And we also have partnerships with a number of educational institutions around training. Youth engagement is clearly an important aspect of all of this just in terms of getting people, young people, aware of and interested in, whether it's entrepreneurship, technology careers, science, engineering, math, and so we have a number of affiliations with various youth groups. We also have a program, relatively small and at the moment limited to Omaha, but it's called the AIM Achiever program. And those are basically college scholarships that are awarded to first generation college students when they're in the eighth grade with the idea that in order to receive the money, they have to complete school, graduate, and enroll in college. So just another way that we try and engage with the youth in the community. []

SENATOR CONRAD: How...I'm sorry. How many of those do you offer annually? It varies? []

ROD ARMSTRONG: There's maybe 8 or 10 a year at this point, but it's certainly something we're looking to hopefully grow and expand. We do a lot of work in the area of work force recruitment. I think the availability of work force is something that needs to be part of the conversation here, because that's, as we see it, going to be kind of a chronic concern that we have going forward. You know, a skilled work force is really the driver of economic activity, and so that's something that's very important. We...a lot of our work is focused around a service called Careerlink.com that we've operated for about 15 years now. It was actually started as a pilot project to match college students with internship opportunities, and it's since grown into what we consider to be the...one of the region's leading work force recruitment systems. Typically, that's a fee-for-service operation for most companies, but we also have partnerships with economic development organizations around the state where we work through them to reach out to their local businesses in terms of getting their employment opportunities published

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and available all over the county, and all over the world, frankly. And then we have just completed an agreement with the UNL Alumni Association; whereby, we will provide job content about Nebraska jobs that will be displayed through the Alumni Association Web site, and in exchange, we'll get some marketing and promotional consideration. But we believe this will be a pilot that will allow us to talk to other alumni associations of other institutions in the state as, you know, a pretty straightforward way to raise the visibility of opportunities in Nebraska. A couple of other things, quickly, that we do. We do some work around organizational capacity-building through our Compassion Institute of the Midlands. We work with small nonprofit organizations to help them get better equipped, trained, whatever they need to do so that their operation moves more efficiently and they're able to spend more of their time and resources doing what they were set up and intended to do. We have a professional program evaluation staff and some data management collection tools that we use around that, and we also do some research work, typically around IT work force trends. Our funding and asset base, we have, as I mentioned, a corporate membership. It was actually how we got started and were initialized capitalized with some multiyear commitments from some major employers in the state. That continues to be a significant although relatively small part of our base. We do rely a lot on grants. Typically, they're federal agencies; in some cases, foundations; every once in awhile maybe a BECA grant from the state. Fee for service is principally the way Careerlink.com operates and a couple of our other services, training, whatever that might be. And then we also, about I'm going to say four years, purchased the Exchange Building in downtown Omaha. It's kind of an interesting story. Our CEO emeritus--his name is Bob Sweeney--was, at an earlier career, an agricultural economist, and very fond of and knowledgeable about agriculture, and he was able to convince our board to invest in a building that used to be the Omaha Grain Exchange. And it's interesting. The seventh floor of the building was the old trading floor, and we've restored that now and have actually had an artist come in and paint a replica of the chalkboard from, like, February 1937, with all the grain prices up there. So it's kind of a neat thing. But that's an asset for our organization. And Jeff, I don't know if you want to talk a bit about one of the floors of the building. Obviously, we house our offices there

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and we have a number of tenants, but Jeff can talk about what we're doing with one of the floors of the building around start-ups. []

JEFF SLOBOTSKI: Currently, on the eighth floor of the building, the top floor, we're providing space to entrepreneurs and--with a heavy technology focus--just allowing them subsidized or discounted rent for the opportunity to collaborate and work with other tech companies or other entrepreneurs within the city and within the region. We think there's real value in having the entrepreneurs, you know, under one roof, in a sense, and also be able to utilize the assets that AIM Institute could provide to them as well. So more of kind of an open, maybe the term of coworking-type space, where you've got some closed suites, some closed offices, but also the ability to interact with the other companies that are up there as well, and, you know, bounce ideas or whatever needs might be. []

SENATOR CONRAD: And Jeff, I know that there's some similarities with the makeup of the Turbine Flats group here in Lincoln that really brings together some of those same kind of folks under one roof to allow for that kind of collaborative environment to really be fostered and grow and support the work individually of the different folks who are residents there, but also then just to build that climate as a whole. And so there's probably...is there some...sounds like there's some similarities with what you're doing on the eighth floor up there. []

JEFF SLOBOTSKI: Absolutely. Absolutely. And Turbine Flats is a great example, here locally, of businesses that have done that. I think they now have, I could be off, but 12-15 businesses underneath that one roof or within that one business, in a sense. So, you know, have the privacy of being able to kind of go heads-down and work on their project or the business, whatever it is, but also open the door and go across the hallway and say, you know, hey, I'm having trouble with this or do you know somebody--you know, funding or a patent attorney, or whatever it might be, whatever those needs are. So I think it's...and Dan alluded to it earlier. I think part of it might be a Midwestern value

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that we're kind of heads-down and hardworking on our projects, but there is real value, we feel, in terms of, you know, sharing...sharing and learning from one another on the collaborative spirit, collaborative energy, so. []

SENATOR CONRAD: Do you know, are there any other environments like that outside of Omaha or Lincoln that are available for folks who are looking for that similar experience? Have you heard of anything in your networks or travels? []

JEFF SLOBOTSKI: In the state? []

SENATOR CONRAD: Yes. []

JEFF SLOBOTSKI: Kearney, there's a business called Free Air Collective. John Moorhead runs a software development company, I believe a 3- to 5-man shop now at this point. And there's been talk of him trying to do something similar out in Kearney as well, but other than that, not to my knowledge. []

SENATOR CONRAD: Okay, great. Thanks. []

ROD ARMSTRONG: Okay. From this point, this is kind of a broad and not real deep look at innovation and entrepreneurship in technology, and I would invite your questions if there's specific areas that you want to go into. But what I want to do here is just kind of define a couple of terms and how we see IT being an enabler, and then talk about some examples. Because the human capital, the people around us I think are just central to successful innovation and entrepreneurship. And, you know, Jeff will talk about some of the firms that he's come into contact with through SPN, and I've just, from my own personal experience, got a few examples I wanted to talk about. We're kind of in the technology business, but I'm old enough to be a little old-school, so I pulled my hardbound dictionary off the shelf, figuring these two terms are probably not changing a whole lot. But basically, innovation or to innovate is to make changes in something

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established by introducing new methods, ideas or products, or by introducing something new. And then the entrepreneur is a person that organizes and operates a business or businesses, taking on financial risk to do so. So, you know, just to kind of lay that foundation of what we're talking about here. To me, information technology is an enabler of innovation and entrepreneurship in two...in basically two ways. One are businesses that develop, build and sell/support technology solutions. These would be things like telecommunications and networks; that it's the infrastructure that gets those bits and bytes from one place to the other; the devices on the other ends that we use to either listen or watch or read or interact with things; software development. I mean, these computers are only...they'll do what you tell them to do and that's where the software engineering comes in, is the skill set around developing instructions for computers. And then how do you keep this stuff secure? You have probably heard the term "cloud computing" is kind of one of the new buzzwords that is out there. We actually had one of our keynote speakers at Infotec laid out what I consider to be a really good explanation of what that is. And his analogy was electric utilities back in the mid-1880s. If you wanted to use electricity to run a manufacturing plant, you had to generate it yourself, so you saw the location of these facilities along a stream with a big wheel that did that. Well, as we all know, over the course of the years, electricity has now become a utility; to where, you know, we just look for one of these things to plug into the wall and we expect it to be there. Well, cloud computing is similar in the sense that you don't necessarily have to have all your technical resources, your data, your software, located where you can touch it. It may be somewhere, you have no idea where it is. And that's why I think you see interest in recruitment and development of data centers in Nebraska. For a lot of reasons, this state is well-situated for those kinds of facilities. But again, as the whole concept of cloud computing continues to evolve, those things become important from that standpoint. So the, you know, the one way IT is an enabler is just around the equipment and infrastructure. But it is also an enabler in terms of businesses that use technology to add value to a product or service. And in this instance you go all across the board. And, you know, Dan gave us a great example of the application of technology in agriculture, you know, in farming and ranching. Senator

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Schilz, I'm sure you are much more familiar than I am. Advanced manufacturing. You've seen the pictures of the robotics and all of the different applications of technology in manufacturing. Retail. I think one of the reasons we typically find small retail establishments in smaller communities challenged by some of the big players is because of their ability to manage information about inventory, you know, shipping, stocking, all the other things, including buying patterns that go along with that. So it's an important aspect to the retail business. Customer service. You know, typically when you pick up a phone and call customer service for any large organization, you don't know necessarily where that call is being routed to. But you're also seeing the evaluation, I think, in to kind of multiple customer service businesses where you'll have people that are trained to support several different products or several different kinds of businesses from one location, so. And, you know, they've got...I recently toured ALS--Aurora Loan Services--in Scottsbluff, and that's a call center for their national/international loan mortgage servicing centers. You know, it's all just located right there. All the information comes in; they've got the big computer monitors that are up, you know, in the control room. So it's just...it's very pervasive. And then I just threw this in partly because I spent 20 years working in government and always had a passion for the application of IT in government services. But I think, you know, you're to be congratulated on the steps that had been taken in recent years to try and improve the interaction of government with citizens and businesses through a variety of different ways. And specifically, the thing that caused me to put this on here, when I was doing my preparation for this I went in to review the legislative documents. And, my goodness, the transcripts are there. You know, I don't know when they came on-line, but I always remembered you had to walk to the Clerk's Office. You know, you place your order, and you come back later for the print copy. And it's like, wow, that's pretty cool. []

SENATOR CONRAD: Yeah. []

ROD ARMSTRONG: But I mean that opens up, continues to open up transparency of the government process for citizens. So the only reason I say this is...and these aren't

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necessarily high-growth, high-wage job types of businesses. But to me it demonstrates the fact that technology is becoming an enabler for improved efficiency, you know, a variety of different things. So when you talk about innovation and entrepreneurship and IT, you're talking really about either inventing or improving the tools that you use or inventing or improving the application of technology in order to add value, starting or growing a business around that, and then ideally creating a market to where you're selling outside the state and bringing money in. And there are many, many examples of this. I mean here, Senator Pahls, your comment about telling the good news. There are a lot of success stories. I'm just going to launch in here and maybe we can kind of jump back and forth. You can talk about... []

JEFF SLOBOTSKI: Sure. []

ROD ARMSTRONG: I didn't get Jeff's list on the PowerPoint slide, but here's just a couple of things that in my mind represent entrepreneurial activity. Xpanxion, which is actually a firm that was...it's a software development firm started by a gentleman that grew up in Loup City. The headquarters is in Atlanta. Major clients include, you know, Coco-Cola, some of the big players like that. And his business model was, you know, his sales and service unit is in Atlanta. Software development and quality assurance was sent to India because of lower costs, and then delivered back to the U.S. Well, several years ago he made the decision to pull the quality assurance portion of his business from overseas and locate it in Kearney. Bought a place back in Loup City. Relocated, at least for part of the year, and I'm sure, Senator, you know Paul. But they have grown their quality assurance business, which are good-paying jobs, from something like three people to 36, in 18 months. Good jobs. And they are recruiting actively to expand further and begin building the software development portion, again in central Nebraska. And they're very particular about the people they hire. They want Nebraskans, because as Jeff pointed out, I mean, just the mind-set of people in this state about how they do their work, about how they relate to people. It's a very explicit decision on his part to locate here and to hire Nebraskans. []

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SENATOR MELLO: Rod, what do they do? []

ROD ARMSTRONG: You know, I don't know exactly what kind of software development, but it's a software development company. And their...like I said, their client base is some major players. But basically...and I can't tell you what type of software, but, you know, for the sake of argument, a sales person in Atlanta makes a sale to a client; you know, gets all the specifications. The project is shipped to their software engineers in India, who work with the quality assurance people in central Nebraska, who work with the customer to make sure all of this is meeting the customer expectations. []

SENATOR HADLEY: I was going to say an example that Paul gave me is that they work...I don't know if it's InterContinental Hotels, but it's the big chain that has Holiday Inn, InterContinental, and all those, and they handle the security on all their Web site. They are constantly testing the Web sites for security issues and such as that, and they do it for all their hotels in this InterContinental chain, and they're doing that out of Kearney, Nebraska. []

ROD ARMSTRONG: Right. So in this instance, this isn't a new start-up business, but I would argue that it's an example of innovation and entrepreneurship, and high-growth, high-wage jobs. []

SENATOR HADLEY: And I think an important thing in this, because I met Paul, his initial trip to Nebraska when I was dean of the College of Business. And, you know, there are people out there that want to come back to Nebraska. []

SENATOR SCHILZ: Um-hum. A lot. []

SENATOR HADLEY: And he did. You know, he was born and raised in Loup City. []

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ROD ARMSTRONG: Yes. []

SENATOR HADLEY: And his goal was to come back and prove that he could operate a business and compete with Pune, India, for employees and costs and such as that, and he's done it. []

ROD ARMSTRONG: Absolutely. That's just one example, but that's exactly right. A boomerang, sometimes they're called. You know, they leave the state and come back. But, yeah. No, that's a great example. Jeff, do you have a...? []

JEFF SLOBOTSKI: Yeah. I think one of the ones that we like to talk about quite a bit is a company called Agile Sports out of Lincoln. They're Raikes School graduates, recent Raikes School graduates that have developed a software application to assist coaches. Primary, they started in the football...NFL was where they started. The New York Jets I believe was one of their first clients, and now work with I think well over a dozen NFL teams, as well as hundreds of college teams, as well as high school teams now. Football, primarily, but expanding in other verticals as well. So you look at companies like that, relatively young individuals, young men that have built that company; I believe three cofounders that now employ 10-plus, 10-15 people out of their office here in Lincoln. Jeff Raikes, who's actually the CEO of the Bill and Linda Gates Foundation, is on their board, along with a number of other board members and investors that they have. So again, a company that could very easily have, you know, up and left Nebraska for Silicon Valley or for, you know, New York, or wherever that might be a better fit, but are really making a go at it and doing extremely, extremely well here in Lincoln. So I think that's one...you know, one that we talk about quite a bit. []

ROD ARMSTRONG: Right. Yeah. And I don't want to take up too much of your time by spending a lot of time on these, but just really quickly. Sojern is a company in Omaha founded by Gordon Whitten, who again was one of our keynoters at Infotec, and gave

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what I considered to be one of the best talks about entrepreneurship. I mean this...Sojern, I believe it's his third business if you count the lawn mowing business he had. He grew up in Harvard, Nebraska, which is outside of Hastings. Graduate of Hastings College. And Sojern is...his...I don't know if it's his customer base, but certainly his affiliations are with all the major airlines. And their business allows people that fly, to customize information on their boarding pass about local events and other things at their destination. You know, just...his first...or an earlier business was taking a hardbound book that was an instruction guide on how to place value on noncash donations for tax purposes; turned that into a Web application that ultimately was sold to Intuit and is now part of TurboTax. So again, you know, Nebraska native, global market. Nanonation, which you may know about, is just a couple blocks away here in Lincoln. Again, a native of Seward, I believe, right, Riley (phonetic)? A software development company, one of the recent announcements was a partnership with...and I forget who the manufacturer is, but Pepsi bought one of their self-service recycling kiosks. It basically will read the barcode on a can or a bottle or whatever else, and then return, like, award points or other kinds of things of value to the user. Again, somebody whose market is outside the state, largely, who wants to stay in Nebraska, who's a native of Nebraska. Allo Communications in Imperial is another example of a boomerang. Brad Moline is the founder there. Again had spent time in Tennessee and in Kansas City. I don't know if it was him or his spouse was originally from Imperial. Moved back. Started this company that is now a competing local exchange carrier all over the Panhandle. I believe he started a grocery store and maybe a coffee shop or something as well. But again, an example of somebody whose desire to be in the state, you know, was such that they found a way to build a business around their expertise. And then I threw this last one in here because Broken Bow is my hometown. And I haven't been there for...and I went to school with several of these guys but I haven't been there for a long time. But I toured their feedlot outside of Broken Bow probably 15 years ago, and even at that point in time it's amazing the application of technology. I mean, fiber running between the pens; they managed the customized blending of feed by computer; you know, the ear tags with all of the information about the animal. So I do this only to say,

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you know, there are many, many, many examples of successful companies who are successfully applying technology in ways that grow the company, expand jobs. And, you know, again, not all of these would be considered necessarily high-wage, high-growth, but they're certainly distributed across the state geographically, and, you know, it's just kind of a matter of there's no reason we can't do more of this kind of thing. So, I don't know, did you have any others you wanted to mention? []

JEFF SLOBOTSKI: No, I think that's good. I think...yeah, kind of touching on your last point around, not necessarily even discounting some of those others, we heard...some of us heard from Charlie Hull, one of the cofounders of Archival here in Lincoln. You know, started that company. Him and his business partner bootstrapped that, I believe about 12 years ago now, that now employ close to 20 people in the creative field...the creative professionals. Again, people that would up and leave for New York or, you know, Chicago, L.A., but is doing some major work with clients like Red Bull, MTV, and Shaun White, the snowboarder. So again, right here in our own backyard. So I think it's...I think we have to look at the whole spectrum. And Senator Conrad, I think you addressed that, that it's...you know, it's the creators and the innovators, as well, and not necessarily just solely focused on any one field, but be open and considerate of, you know, the expertise and the skill set that these entrepreneurs have across the state, so. []

ROD ARMSTRONG: Yeah. Just a couple more slides, I guess in our view some of the challenges to this. Business expertise. I mean, just because you may have a good idea doesn't necessarily mean that you can turn that into a going concern, which is why you have people like Dan and some of the other service providers around here to help overcome that challenge. The ability to effectively apply technology. I mean, that's what our organization is about. In fact, our tag line is "apply IT." But this day and age, you have to have some understanding of how technology can impact your ability to innovate and grow your business. Willingness to take risks. Obviously, that's a no-brainer. Work force availability. This becomes a constraint for companies that are looking to grow

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rapidly, particularly in greater Nebraska. I mentioned Xpanxion. You know, we've worked with them to try and find ways to help their work force attraction. You've got efforts going on all over the state to try and reach out to, whether it's graduates of the local high schools or local institutions, or just people that might be looking for a change, to say, hey, there are opportunities in this state for skilled employees, great place for your family--all the stuff that you all know about. And we work with several of these organizations by, again, providing the job content and some career services around that. But there's some really good things going on around the state, local economic development groups, in particular, that, you know, they're employing Facebook, they're using Twitter, they're using Web sites, all to...you know, it's obviously a low-cost, potentially high-impact way to do this outreach as opposed to having, you know, the mailing lists of all your alumni, that are probably out-of-date. So just, again, something that's got to be a part of this. Access to capital, we discussed already. And then the knowledge or the lack of knowledge about what's out there to assist. And I think that's a large part of what this task force is designed to do, is saying, what are those and who are they intended to serve? So the final thought, and you can take this or leave this, but just, you know...and a couple of these, the last two are in the legislation in terms of what this has been tasked to do. But I would think you'd want to gauge the attitudes of successful entrepreneurs toward programs that are out there. Did they use any of them? Were they helpful? You know, it's really quick and easy to put together an on-line survey that you can target out there to just see, you know, are there programs that have had a positive impact on the success of entrepreneurs? I would also say you might want to consider gauging the attitudes of economic development professionals. You've got a lot...I mean, you know, most communities of any size will have a chamber of commerce and an economic development group--you know, Lincoln Partnership for Economic Development versus the Lincoln Chamber. And the economic development groups are the ones out there busting to try and get start-ups going, attract business, whatever else. And then they're the ones that will be looking over their shoulder to see, you know, what resources do I have available, whether it's one of the public power districts or GROW Nebraska, any of these other programs that they can bring to bear. So you

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might want to consider just asking their opinion about what works, what doesn't work. And then this third, the inventory, I should have put in there the word "gaps," as well, you know, because there may be overlap but there also may be areas where, you know, some group or organization needs to plug a hole that exists. So I neglected to put that in there. And then as you know, you've mentioned best practices for other states. There's the contact information for Jeff and myself. We appreciate the opportunity to present to you this morning. If there's any way, going forward, that you see we might be able to be of assistance to your work during the year, we'd be happy to do that. So, questions? []

SENATOR CONRAD: Number one, Rod and Jeff, thank you. I think this is fantastic information. I'm particularly excited about some of the specific study framework ideas that you've presented here. I think that gauging the attitudes of entrepreneurs and economic development professionals is a really, really important part of our work as we move forward. And it wasn't specified in the legislation and I...I mean, with the dialogue from the committee, I hope that maybe we can look at some of those--some of those kinds of things. []

ROD ARMSTRONG: Yeah. I mean it seems to me the inventory...I mean, you're basically counting, you know, what's out there. You know, you can even count how many people they may have served, but that doesn't give you necessarily an indication of results. []

SENATOR SCHILZ: Success. []

SENATOR CONRAD: Yeah. And I think, you know, the other point in sharing some of the additional success stories from across the state, you know, is another objective of this task force. I hope that we really can be a statewide platform for these kinds of dialogues that we know are happening in pockets around Nebraska, but really again to give those kinds of participants and ideas and discussions a statewide platform to grow and expand and bring more people into the conversation and get excited about those

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folks who have made great strides right here at home. Yes, please. []

SENATOR HADLEY: Senator Conrad. []

SENATOR CONRAD: Yes. []

SENATOR HADLEY: Thank you. I appreciate very much your overview of AIM and what it does and I appreciate that very much, and I appreciated the Invest Nebraska presentation. And the one thing that kind of struck me is you made a comment that both of you are at least housed in the Nebraska...the University of Nebraska... []

ROD ARMSTRONG: Yeah, Technology Development Center. Yeah, we really haven't talked about that. []

SENATOR HADLEY: Rod, I would hope that one of our future topics would be to get the University of Nebraska to talk about what they're doing, because it seems like a lot of this does tie into the university. And now with them taking over the fairgrounds and, you know, what the future calls for that and how that might possibly tie into any of this, so... []

SENATOR CONRAD: Community college structure, too, is doing a lot. []

SENATOR PAHLS: Community colleges, too, I think big time. []

SENATOR HADLEY: Community college. And the Nebraska State College System, too. I don't want to leave any of them out. []

SENATOR MELLO: Higher ed. []

SENATOR CONRAD: Higher ed. []

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SENATOR HADLEY: Higher education. []

SENATOR SCHILZ: You know about that. []

SENATOR HADLEY: Not that. (Laughter) I'd like to get Ron and the rest of them to tell us what...you know, how can the University of Nebraska and higher education link to what we're trying to do? []

SENATOR SCHILZ: How do they become part of that network or that overall statewide platform? And that it's actually functioning and it doesn't have those gaps and holes that we always run into. []

SENATOR CONRAD: Yeah, yeah. No, I think that's fantastic. And definitely at this time I'd entertain any other brainstorm or ideas or feedback about future topics or presenters or meeting dates or times, either from the public or members of the committee. One place to start, and I do want to draw the committee's attention to, there, contained in your folders, is a very recent news story from the Lincoln Journal Star about some of these topics that does have...it's called...it's titled "Nebraska's entrepreneurial index values at odds," from Saturday, May 29, I guess it was. But there's quite a few folks...it's in your background research tab in your folders. 6(A), it looks like. Yeah, sorry. Thank you, Senator Schilz. But there's some folks quoted in there that I think might be good people to invite to future meetings, whether from the university or, you know, different members of Nebraska Angels, or academics--Ernie Goss. You know, that was just an idea I had after reading the story that it might be good to reach out to some of those folks to hear from them directly. []

SENATOR MELLO: I think Professor Thompson from the university wrote an entrepreneurship book that I know was funded partially by the Krieger Family Foundation that would be probably worthwhile to have him come in and explain the

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research, Gallup research they did on entrepreneurship, that was Nebraska-specific. So it's kind of sometimes a long read, but it's a fairly good book with a lot of good policy prescriptions. []

SENATOR CONRAD: I'll tell you also the task force has received correspondence from other folks interested in making presentations to us from, in particular, the microenterprise programs that we have available which I think would be helpful in determining that inventory and hearing about their experiences. So with the committee's permission, I'd like to invite those folks to maybe be a part of the dialogue over the next couple months. And then also we've received...I just received this week, and we can get more copies for folks before the next meeting, but a pretty sizeable package of information from some rural entrepreneurial organizations that have an interest and want to be a part of the dialogue. So I really think it's important that we be as inclusive as possible and reach out to as many folks as possible. So if you know people in your individual communities that you think would be good to have come in and talk or otherwise... []

SENATOR PAHLS: Are we...can I just ask a question? []

SENATOR CONRAD: Yes, please. []

SENATOR PAHLS: Because, you know, you talked about the inventory. And we've had a number of groups--I sit on the Government--we've had a number of groups come in front of us, and I saw an awful lot of overlap. And I'm wondering, without...would you agree with that or is that just my...? It just seemed like there so much duplication. []

ROD ARMSTRONG: Potentially, yeah. Again, I'm not...I'm as interested as you are in the inventory just because I'm not intimately familiar with all the different programs, but I would say there are a lot of programs that are directed toward the same types of objectives, whether it be, you know, assistance in development of a business plan or

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some of these different things. You know, you've got some creatures of the university, some of other nonprofit organizations, local community colleges, and whatever. So at first blush it would seem to be the case, but I think that's... []

SENATOR PAHLS: But I'd need to investigate more. []

ROD ARMSTRONG: Yeah, I would suggest that. []

SENATOR PAHLS: You just piqued my curiosity a little bit about the community colleges. You say, does this...is this part of their curriculum? I mean do they have an awful lot dealing with this? []

ROD ARMSTRONG: Well, Southeast Community College has an entrepreneurship program that's actually affiliated with Lincoln Public Schools, so they have some relationship with... []

SENATOR PAHLS: Yeah. To me, you'd have to...and the reason why, because I've had a daughter graduate just from a private school and our son is attending Metro. And I'm really impressed with what he's getting at Metro. I mean it's a different world, but I mean for 150 percent less, you know, I mean in cost. So I mean I'm even becoming more a proponent of some of these community colleges. And I had taught at state colleges so I know they have benefits, but I just needed to know a little bit more about that. []

ROD ARMSTRONG: Yeah. The theory would be there is probably some overlap, but I think you'd need to do some research to verify that. []

SENATOR HADLEY: I suggest we meet in Pebble Beach, you know, just...(laughter). I suppose our budget isn't quite that large. (Laugh) []

SENATOR SCHILZ: Maybe we could meet at Bayside. That's a little closer. It's by the

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water; it's golf. []

SENATOR PAHLS: Thank you. Appreciate it. []

ROD ARMSTRONG: Okay. Thank you. []

SENATOR CONRAD: All right. Thanks, guys. With that, we'll go ahead and open the meeting to any additional public comment. If folks want to come forward and add their ideas as to the objectives and goals of the task force, or...I'm sorry. []

SENATOR PAHLS: Get Bill Mueller up here. []

SENATOR CONRAD: Senator Pahls has made a request that Bill Mueller take the hot seat. (Laughter) Bill Mueller declines. (Laughter) But in all seriousness, if anybody else wants to add some thoughts for the record or for contemplation by the task force? Okay. Well, with that I would entertain a motion to adjourn. I think we'll briefly meet in executive session to cover a couple housekeeping items of business, and we will make sure to keep all those in attendance today and beyond apprised of the work and the schedule so that we can continue to dialogue. Thank you. []

SENATOR MELLO: Move to adjourn. []

SENATOR SCHILZ: Second. []

SENATOR CONRAD: It's been moved and seconded. Any dialogue? All in favor say aye. Same sign, those opposed. The ayes have it. Thanks, guys. []